

Annual Report to the Twenty-Third Legislature
Regular Session of 2005

GEOHERMAL ROYALTIES



Prepared by the
Department of Land and Natural Resources
State of Hawaii
in response to
Section 182-18, Hawaii Revised Statutes
November 2004

Fiscal Year 2003-2004
Annual Report on Geothermal Royalty Dispositions

This annual report is prepared pursuant to Section 182-18, Hawaii Revised Statutes, and covers the period July 1, 2003 through June 30, 2004.

In Fiscal Year 2003-2004, a total of \$678,165 in geothermal royalties was received from Puna Geothermal Venture (PGV). In accordance with statutory provisions, \$203,449.50 (30%) and \$135,633 (20%) were distributed to the County of Hawaii and the Office of Hawaiian Affairs, respectively. Geothermal royalties for Fiscal Year 2003-2004 were based on the power production and sale of 213,711 total megawatts to the Hawaii Electric Light Company (HELCO) at an annual hourly average production of 24.3 megawatts.

During the fiscal year, PGV completed a work-over of injection well KS-11 to repair the liner in the well to meet integrity parameters set by the State Department of Health Underground Injection Control Permit. The injection well was put back in service on May 27, 2004 with the opening of the well to receive injectate.

On June 3, 2004, the ownership of PGV changed hands from Constellation Energy Corporation to Ormat Energy Systems of Reno, Nevada. Under the new ownership, PGV is investigating opportunities to improve power plant reliability and increase generating capacity to meet existing power purchase agreements. The new ownership is also considering the drilling of new production and injection wells and additional generating equipment.